

3431

OFFICIAL
FILE COPY
DO NOT SIGN OUT
(Xerox necessary
copies from this
copy and PLACE
BACK IN FILE)

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NEW ORLEANS, LOUISIANA**

**Basic Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended December 31, 2007
With Supplemental Information Schedules**

Audit of Financial Statements

December 31, 2007

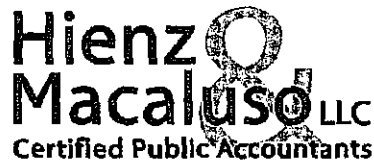
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
Annual Financial Statements
DECEMBER 31, 2007

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	8-9
Statement of Revenues, Expenses, and Changes in Fund Net Assets	10
Statement of Cash Flows	11-12
Notes to Financial Statements	13-24
SUPPLEMENTARY INFORMATION	
Schedule I - Schedule of Per Diem Paid Board Members	26
Schedule II - Reporting Packet - Division of Administration, Office of Statewide Reporting and Accounting Policy - Annual Financial Report (CAFR)	28-77
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS -	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed In accordance with <i>Government Auditing Standards</i>	79-81
Schedule of Findings and Questioned Costs	82-83
REPORTS BY MANAGEMENT	
Schedule of Prior Year Findings	84
Management's Corrective Action Plan	85



ROBERT W. HIENZ, C.P.A.
ANTHONY J. MACALUSO, JR., C.P.A.

DAVID V. ERNST

MEMBERS
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

110 Veterans Memorial Blvd., Suite 170
Metairie, LA 70005
(504) 837-5434
FAX (504) 837-5435
www.hienzmacaluso.com

Independent Auditor's Report

**To the Board of Directors
Louisiana State Board of Medical Examiners
Department of Health and Hospitals
State of Louisiana**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Medical Examiners' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners as of December 31, 2007 and the respective changes in financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008 on our consideration of the Louisiana State Board of Medical Examiners internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana Board of Medical Examiners' basic financial statements. The accompanying supplementary information, such as the board members per diem and the Division of Administration Reporting packet, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Louisiana State Board of Medical Examiners. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

Metairie, LA

June 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

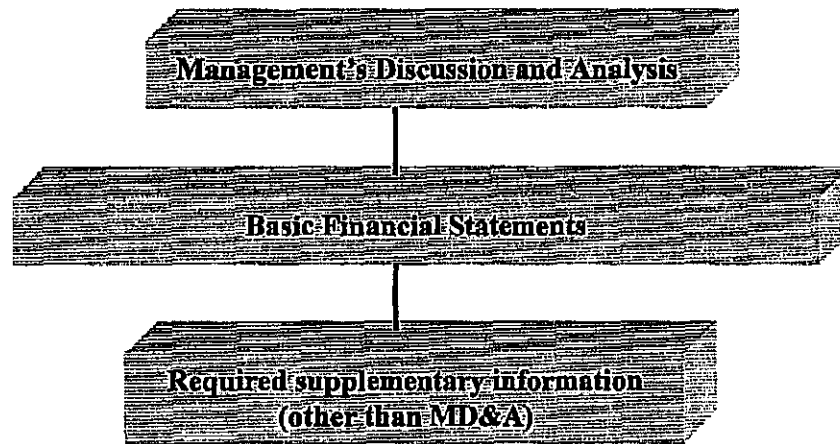
The management's discussion and analysis of the Louisiana State Board of Medical Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Medical Examiners' financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Louisiana State Board of Medical Examiner's financial statements, which begin on page 8.

Financial Highlights

- ★ The Louisiana State Board of Medical Examiners continues to have no debt except for compensated absences for employees in the amount of \$ 203,535.
- ★ The Louisiana State Board of Medical Examiners' assets exceeded its liabilities at the close of fiscal year 2007 by \$ 7,196,865, which represents a 13.95% increase from last fiscal year.
- ★ The Louisiana State Board of Medical Examiners' operating revenue increased by \$ 63,226 from the previous year – approximately a 1% increase from the prior year.
- ★ Interest income on certificates of deposit increased \$ 82,148 from the previous year – a 36.13% increase over the prior year.
- ★ Capital acquisitions in the amount of \$ 87,968 were made during 2007 for equipment.

Overview of the basic financial statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections – Management’s Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Medical Examiners as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana State Board of Medical Examiners is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets presents information showing how the Louisiana State Board of Medical Examiners’ assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana State Board of Medical Examiners’ cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	(in thousands)	
	Total	
	2007	2006
Current and other assets	\$ 9,098	\$ 7,929
Capital assets	1,419	1,442
Total assets	10,517	9,371
Current and other liabilities	3,190	2,874
Long-term debt outstanding (compensated absences)	131	181
Total liabilities	3,321	3,055
Net assets		
Invested in capital assets, net of debt	1,419	1,442
Restricted	1,019	961
Unrestricted	4,758	3,913
Total net assets	\$ 7,196	\$ 6,316
Operating Revenues	\$ 6,613	\$ 6,550
Operating Expenses	(6,041)	(5,167)
Operating income (loss)	572	1,383
Net-operating revenues (expenses)	310	227
Income (loss) before transfers	882	1,610
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	\$ 882	\$ 1,610

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for. Total net assets of Louisiana State Board of Medical Examiners increased by \$ 881,299 or 13.95%, from December 31, 2006 to December 31, 2007.

Operating revenues increased during 2007 in the amount of \$ 63,226 due to an increase in recognition of license and renewal fees. Total expenditures at the Board increased by \$ 874,192 from 2006. This increase was due mainly to increases in personnel services (\$ 312,925), operating services (\$ 76,137), and in professional and contractual services (\$ 493,639).

Capital Assets and Long Term Debt Administration

Capital Assets

As of December 31, 2007, the Louisiana State Board of Medical Examiners had \$ 1,419,464 invested in a broad range of capital assets, including buildings, building improvements, equipment and an automobile. During the current year, the organization recorded \$ 87,968 of capital acquisitions, which was all for equipment.

Long Term Debt

The Louisiana State Board of Medical Examiners did not have any bonds or notes outstanding at December 31, 2007.

The Louisiana State Board of Medical Examiners has claims and judgments of \$-0- outstanding at year-end compared with \$-0- last year. Other Obligations include accrued vacation pay in the amount of \$ 203,535.

Variations between Original and Final Budgets

The Board is required to submit an annual budget to the Joint Legislative Committee on the Budget as required by the Louisiana Licensing Agency Budget Act. Total revenues for 2007 were approximately \$ 650,000 higher than budgeted for 2007, due to licensing/other fees exceeding budget amounts by \$ 525,000 and interest income exceeding budgeted amounts by \$ 125,000. Expenditures were approximately \$ 351,000 higher than budgeted for 2007, due to professional/contractual fees exceeding budget amounts by approximately \$ 480,000 and personnel services exceeding budgeted amounts by \$ 128,000. These amounts were offset by operating expenses and depreciation/other charges which were \$ 238,000 and \$ 19,000 less than budgeted, respectively.

Economic Factors and Next Year's Budgets and Rates

The Board has made significant investments in enhancing its information and communication systems to provide for improved (1) back up capabilities and disaster recovery capabilities, (2) on line services for licensees, (3) connectivity with national data bases, (4) access to information of interest by the public, (5) network security, (6) information systems capacity and (7) cost of operations.

The online services include the development of a new web site, development of on line initial and renewal license applications and continuing professional educational

programming. The communication systems include the development of a call center and the installation of a new telephone system based on IP technology.

In addition the Board is continuing to expand its investigation/compliance efforts with additional staff dedicated to this activity. Looking ahead we anticipate additional legal expenses associated with this enforcement activity and with a number of rule making efforts that are underway.

Finally the Board has recognized the need to address long standing maintenance issues with its building in New Orleans relating to water proofing, HVAC systems, elevator services, and water supply. Consideration is being given to renovating the Board's offices which would require relocation to interim space for 1-2 years or moving to leased space and selling the building with primary consideration being given to the best use of the Board's resources.

The Louisiana State Board of Medical Examiners' appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Expected revenues
- Staffing and salaries
- Legal and other professional services including contracted services
- Operating expenses

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Medical Examiners' finances and to show the Louisiana State Board of Medical Examiners accountability for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Robert Marier, M.D.
Executive Director
P.O. Box 30250
New Orleans, LA 30250

www.lsbme.org

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,153,858
Investments - certificates of deposit	5,721,914
Receivables (net of allowance for doubtful accounts)	790,240
Restricted assets - current	
Cash and cash equivalents	902,423
Investments - certificates of deposit	353,494
Receivables (net of allowance)	42,441
Accrued interest	1,334
Accrued interest	<u>91,710</u>
 Total Current Assets	 <u>9,057,414</u>

NONCURRENT ASSETS

Property and equipment (net of depreciation)	1,419,464
Other assets	<u>41,000</u>
 Total Noncurrent Assets	 <u>1,460,464</u>
 Total Assets	 <u>\$ 10,517,878</u>

The accompanying notes are an integral part of this Financial Statement.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accruals	\$ 551,231
Compensated absences	72,518
Deferred revenues	<u>2,566,246</u>
Total Current Liabilities	<u>3,189,995</u>

NONCURRENT LIABILITIES

Compensated absences payable	203,535
Less: current portion	<u>(72,518)</u>
Compensated absences payable - long term portion	<u>131,017</u>
Total Noncurrent Liabilities	<u>131,017</u>

Total Liabilities	<u>3,321,012</u>
-------------------	------------------

NET ASSETS

Invested in capital assets, Net of related debt	1,419,464
Restricted for:	
Capital projects	-
Debt service	-
Other purposes	1,019,299
Unrestricted	<u>4,758,103</u>
Total Net Assets	<u>\$ 7,196,866</u>

The accompanying notes are an integral part of this Financial Statement.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

OPERATING REVENUES

Licenses, permits and fees	\$ 6,506,953
Other	<u>106,305</u>

Total Operating Revenues	<u>6,613,258</u>
--------------------------	------------------

OPERATING EXPENSES

Personnel Services	2,998,043
Contractual services	581,554
Travel	94,200
Operating services	644,062
Supplies	46,890
Professional services	1,565,902
Depreciation	<u>110,828</u>

Total Operating Expenses	6,041,479
--------------------------	-----------

Operating Income (Loss)	571,779
-------------------------	---------

NON-OPERATING REVENUES (EXPENSES)

Interest revenue	<u>309,521</u>
------------------	----------------

Total Non-operating Revenues (Expenses)	<u>309,521</u>
---	----------------

Increase in Net Assets	881,300
------------------------	---------

Total Net Assets - beginning	<u>6,315,566</u>
------------------------------	------------------

Total Net Assets - ending	\$ <u><u>7,196,866</u></u>
---------------------------	----------------------------

The accompanying notes are an integral part of this Financial Statement.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 6,500,162
Cash payments to suppliers for goods and services	(2,563,978)
Cash payments to employees for services	<u>(3,056,085)</u>

Net cash provided (used) by operating activities	<u>880,099</u>
---	----------------

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Operating transfers in - from other funds	-
Operating transfers out - to other funds	<u>-</u>

Net cash provided (used) by non-capital financing activities	<u>-</u>
---	----------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition/construction of capital assets	<u>(87,968)</u>
--	-----------------

Net cash provided (used) by capital and Related financing activities	<u>(87,968)</u>
---	-----------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of certificates of deposit	<u>(469,618)</u>
--------------------------------------	------------------

Net cash provided (used) by investing activities	<u>(469,618)</u>
---	------------------

Net increase (decrease) in cash and cash equivalents	322,513
---	---------

Cash and cash equivalents at beginning of year (adjusted, see F/N 1)	<u>1,733,768</u>
---	------------------

Cash and cash equivalents at end of year	<u><u>\$ 2,056,281</u></u>
---	----------------------------

(Continued)

The accompanying notes are an integral part of this Financial Statement.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Reconciliation of operating income (loss) to net

Cash provided (used) by operating activities:

Operating income (loss)		\$	571,779
Depreciation	\$	110,828	
Charges to bad debt expense		-	
Changes in assets and liabilities:			
Increase in accounts receivable		(67,866)	
Increase in accounts payable and accruals		287,284	
Increase in compensated absences		23,304	
Decrease in deferred revenues		<u>(45,230)</u>	

Total adjustments 308,320

Net cash provided (used) by operating activities \$ 880,099

**Schedule of noncash investing, capital,
and financing activities:**

Interest on certificates of deposit re-invested \$ 309,521

**Total noncash investing, capital,
and financing activities** \$ 309,521

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

INTRODUCTION:

The Louisiana State Board of Medical Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1261-1292.

The board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise physiologists, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same: (a) Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority are based on a birth month schedule. (b) Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates both procedural rules implementing its licensing/certification authority and substantive rules regulating practice. (c) Enforcement. The Board investigates consumer, patient and licensee complaints and alleged or indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorneys fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings. (d) Advisory Rulings. The Board serves an informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction. (e) Other Activities. The Board participates in a Physicians health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing timely treatment and rehabilitation for the protection of the public.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

INTRODUCTION – continued:

The Board is composed of seven members. Until January 1, 2000 the seven members were appointed by the governor from lists of names submitted by the Louisiana State Medical Society and the Louisiana Medical Association. Effective January 1, 2000 the board will consist of seven voting members appointed by the governor and subject to Senate confirmation as follows:

- a. Four members from lists of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand.
- b. Two members from lists submitted by the Louisiana Medical Association.
- c. One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

All voting members of the board shall be graduate physicians or surgeons and practitioners. Four of the members appointed for terms beginning January 1, 2000, shall be appointed the initial terms of four years and three of the members shall be appointed to initial terms of two years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. The board applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1999, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments*. This new standard was implemented by the Board in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Reporting Entity

GASB Codification Section 2100 established criteria for determining governmental reporting entity and has defined the governmental reporting entity for the board to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana State Board of Medical Examiners, and therefore, are a part of the fund and account group structure of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable. Any revenues and expenses recorded between funds (“internal fund” activity) have been eliminated in these financial statements. Operating revenues consist of all revenues except investment income.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

Budget Practices

Budgets are prepared and adopted by the Board annually. The Board adopts a budget annually for the various components. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342 in accordance with R.S. 36:803.

All funds budgeted are immediately available, as the Board’s operations are financed with self-generated revenue. Therefore, the budget is known as a nonappropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures.

The budget is prepared on the GAAP basis, using the modified accrual basis of accounting.

The Board monitors the budget and makes changes when deemed appropriate.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Cash and Investments

Cash includes petty cash, demand deposits, and certificates of deposit. Under state law, the Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other State in the Union, or the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

All certificates of deposit with original maturities of ninety days or less are classified as “cash and cash equivalents” on the Statement of Net Assets. Certificates of deposit with original maturities that exceed ninety days are classified as “Investments – certificates of deposit”. Certificates of deposit are stated at cost which equals their fair market value. On the Statement of Cash Flows the amount reported as “cash and cash equivalents at beginning of year” has been reduced by \$ 5,322,014 from the prior year amount. This amount represented certificates of deposit with original maturities greater than ninety days and was improperly reported as “cash” on the Statement of Net Assets as of December 31, 2006.

Prepaid Items/Receivables/Inventory

Payments to vendors for insurance include costs applicable to the next accounting period and are recorded as prepaid items.

Receivables consist of all revenues earned at year-end and not yet received. Allowance for uncollectible accounts receivable include all receivables greater than ninety days old.

The Board maintains an inventory of office supplies. These items are expensed as purchased.

Property and Equipment

Property and equipment are recorded at cost, if purchases or constructed. Assets acquired through contributions are capitalized at their estimated fair value or cost to construct at the date of the construction. Equipment includes all items valued above \$1,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Automobiles and equipment	5 years
Furniture and Fixtures	10 years
Building and Improvements	40 years

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Restricted Assets

Restricted assets, as presented in the financial statements, represented items that are dedicated for the use of various components of the Board.

Compensated Absences

Employees earn accumulated annual and sick leave at various rates, depending on their years of service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

Long-Term Obligations

Long-term obligations are reported at face value.

Post-employment Health Care and Life Insurance Benefits

The Board provides certain continuing health care and life insurance benefits for its retired employees. The Board recognizes the cost of providing these retirees benefits as an expense when paid during the year.

Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan is administered by the Board. The plan, available to all full-time employees of the Board, permits them to defer a portion of their salary until future years. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by the insurance company for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to 25% of their salary, but total contributions may not exceed \$8,500 annually. All contributions are immediately vested.

Net Assets

Net assets are comprised of the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Invested in capital assets, net of related debt – Consists of all capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of external constraints placed on net assets used by creditors, grantors, contributors, or laws or regulations of the government or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – Consists of all other assets that are not included in the other categories previously mentioned.

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS:

Cash and certificates of deposit

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposits of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and in share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS – continued:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

The carrying amount of the Board's deposits with financial institutions are as follows as of December 31, 2007:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One Bank–non interest bearing	CME	\$ 176,640
2. Capital One Bank–non-interest bearing	PHP	\$ 571,172
3. Capital One Bank–non-interest bearing	CLAB	\$ 154,586
4. Capital One Bank–non-interest bearing	GENERAL	\$ 293,061
5. Capital One Bank–non-interest bearing	GENERAL - PAYROLL	\$ 7,780
6. Capital One Bank–interest bearing	GENERAL - TOWER	\$ 852,701
7. Capital One Bank–interest bearing	GENERAL- CD'S	\$ 5,721,914
8. Capital One Bank–interest bearing	CLAB - CD'S	\$ 353,494

All deposits listed above are federally insured or secured with collateral as required by state law. Actual bank balances at Capital One Bank as of December 31, 2007 amounted to \$ 8,176,727. None are required to be reported in any one of the three categories listed above.

NOTE 3: ACCOUNTS RECEIVABLE:

At December 31, 2007, the Board had net receivable balances, totaling \$ 832,681.

<u>Class of Receivable</u>	<u>General</u>	<u>Restricted</u>	<u>Total</u>
License fees and other assessments	\$ 1,003,603	\$ 43,580	\$ 1,047,183
Allowance for doubtful accounts	(213,363)	\$ (1,139)	(214,502)
	<u>\$ 790,240</u>	<u>\$ 42,441</u>	<u>\$ 832,681</u>

During 2007 the Board charged \$ 0 to Bad Debt Expense.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 4: DUE FROM/TO AND TRANSFERS:

At December 31, 2007, for purpose of these financial statements the due from/to and transfer accounts have been eliminated.

NOTE 5: RETIREMENT SYSTEM:

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of the state employees, which is administered and controlled by a separate board of trustees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804 or by calling (225) 922-0600.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or age 60 with 10 years of service. The system also provides death and disability benefits. Covered employees were required to contribute 7.5% (8% for members hired on or after July 1, 2006) of gross salary to the plan. For 2004 the Board's contribution percentage was 15.8% between January 1 and June 30, 2004 and 17.8% between July 1 and December 31, 2004. For 2005 the Board's contribution percentage was 17.8% between January 1 and June 30, 2005 and 19.1% between July 1 and December 31, 2005. For 2006 the Board's contribution percentage was 19.1% between January 1, 2006 and June 30, 2006 and 19.1% between July 1, 2006 and December 31, 2006.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2006, 2005 and 2004 were \$ 298,322, \$ 268,834 and \$ 245,171 respectively.

NOTE 6: PROPERTY AND EQUIPMENT:

The Board follows the Louisiana Division of Administration's guidelines on capitalization of fixed assets. Depreciation has been provided on general fixed assets using the straight-line method. All fixed assets are valued at historical cost or estimated historical cost.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6: PROPERTY AND EQUIPMENT – continued:

A summary of changes in property and equipment follows:

Fiscal Year Ending	Beginning Balance			Ending Balance
December 31, 2007	1/1/2007	Additions	Deletions	12/31/2007
Assets not being depreciated:				
Land	\$ 100,000			\$ 100,000
Total not being depreciated	\$ 100,000	-	-	\$ 100,000
Asset being depreciated:				
Building	882,679	-	-	882,679
Building Improvements	754,807	-	-	754,807
Equipment	635,517	87,968	-	723,485
Auto	19,995	-	-	19,995
Total assets being depreciated	2,292,998	87,968	-	2,380,966
Total assets	2,392,998	87,968	-	2,480,966

ACCUMULATED DEPRECIATION:

Fiscal Year Ending	Beginning Balance			Ending Balance
December 31, 2007	01/01/07	Additions	Deletions	12/31/07
Building	242,737	22,067	-	264,804
Building Improvements	179,500	18,870	-	198,370
Land	-	-	-	-
Equipment	508,442	69,891	-	578,333
Auto	19,995	-	-	19,995
Total	950,674	110,828	-	1,061,502
NET BOOK VALUE	1,442,324			1,419,464

Depreciation expense for the year ended December 31, 2007 was \$ 110,828.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 7: ACCOUNTS PAYABLE AND ACCRUALS:

At December 31, 2007, the Board had payables totaling \$ 551,231 as follows:

<u>CLASS OF PAYABLES</u>	<u>GENERAL</u>	<u>CLAB</u>	<u>PHP</u>	<u>TOTAL</u>
Accounts Payable	\$ 330,018	\$ 1,351	\$ 70,125	\$ 401,494
Wages Payable	59,735			59,735
Taxes & Accruals Payable	<u>90,002</u>	<u> </u>	<u> </u>	<u>90,002</u>
Total Payables	<u>479,754</u>	<u>\$ 1,351</u>	<u>\$ 70,125</u>	<u>\$ 551,231</u>

**NOTE 8: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE
BENEFITS:**

The Louisiana State Board of Medical Examiners provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for those benefits if they reach retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the retired employees and by the Board based on a vesting schedule. The Board's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended December 31, 2007, the Louisiana State Board of Medical Examiners provided retirement benefits for 5 retired employees and the costs of these retiree benefits totaled \$ 32,803.

NOTE 9: COMPENSATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulated unlimited amounts of annual leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. This amount is recorded as a liability in the financial statements and represents the amount unpaid at December 31, 2007 of \$ 203,535. See Note 10.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 10: GENERAL LONG-TERM OBLIGATIONS:

Long-term obligations expected to be financed from governmental funds are accounted for in the liability section of the basic financial statements. The following is a summary of the long-term obligation transactions for the year ended December 31, 2007.

	<u>Compensated Absences</u>
Long-term obligations at December 31, 2007	<u>\$ 131,017</u>
Accumulated annual leave – amounts due within one year	<u>\$ 72,518</u>

The balance at January 1, 2007 for compensated absences was \$ 180,231 – activity for the year ended December 31, 2007 was an increase of \$ 218,497 and a decrease in the amount of \$ 251,069.

NOTE 11: RISK MANAGEMENT:

The Board is exposed to various risks of loss related to general liability, automotive liability, and property insurance contracts and has purchased commercial insurance to provide coverage.

NOTE 12: NET ASSETS:

Net assets represent the difference between assets and liabilities.

The composition of net assets was as follows:

Investment in Capital Assets, Net of Related Debt	\$ 1,419,464
Restricted	1,019,299
Unrestricted	<u>4,758,102</u>
Total Net Assets	<u>\$ 7,196,865</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The composition of the restricted net assets is Clinical Lab - \$ 256,358, Continuing Medical Education - \$ 165,020, and Physicians Health Program - \$ 597,921.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
DECEMBER 31, 2007**

SUPPLEMENTARY INFORMATION

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
DECEMBER 31, 2007**

SUPPLEMENTARY INFORMATION – SCHEDULE 1

SCHEDULE OF PER DIEM PAID BOARD MEMBERS

<u>NAME</u>	<u>AMOUNT</u>
Dr. Melvin G. Bourgeois	\$ 3,100
Dr. Kweli J. Amusa	4,000
Dr. Kim E. Leblanc	-
Dr. Tonya Sheppard	2,200
Dr. Mark H. Dawson	7,500
Dr. Keith C. Ferdinand	1,000
Dr. Linda Gage-White	7,600
	<hr/>
TOTAL	<u>25,400</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$100 for each day while engaged in Board meetings and official Board business, as authorized by Louisiana Revised Statute 37:1268.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
DECEMBER 31, 2007**

**REPORTING PACKET – DIVISION OF ADMINISTRATION, OFFICE OF
STATEWIDE REPORTING AND ACCOUNTING POLICY**

ANNUAL FINANCIAL REPORT

As a component unit of the State of Louisiana, the financial statements of the Louisiana Board of Medical Examiners are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration as listed in the table of Contents – Supplementary Information Schedule II.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

STATE OF LOUISIANA
Annual Financial Statements
December 31, 2007

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (Additional information in Appendix A)	C
Statement of Cash Flows	D

Notes to the Financial Statements

A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments (Information in Appendix B)
D.	Capital Assets – Including Capital Lease Assets
E.	Inventories
F.	Restricted Assets
G.	Leave
H.	Retirement System
I.	Other Postemployment Benefits (Additional information in Appendix F)
J.	Leases
K.	Long-Term Liabilities
L.	Contingent Liabilities
M.	Related Party Transactions
N.	Accounting Changes
O.	In-Kind Contributions
P.	Defeased Issues
Q.	Revenues – Pledged or Sold (GASB 48) (Additional information in Appendix G)
R.	Government-Mandated Nonexchange Transactions (Grants)
S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers
Z.	Liabilities Payable from Restricted Assets
AA.	Prior-Year Restatement of Net Assets
BB.	Net Assets Restricted by Enabling Legislation (Information in Appendix C)
CC.	Impairment of Capital Assets (Information in Appendix D)
DD.	Employee Termination Benefits

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors

Appendix

- A Instructions for the Simplified Statement of Activities**
- B Information for Note C – Deposits with Financial Institutions & Investments**
- C Information for Note BB – Net Assets Restricted by Enabling Legislation**
- D Information for Note CC – Impairment of Capital Assets**
- E Information for Schedule 16 – Cooperative Endeavors**
- F Information for Note I – Other Postemployment Benefits**
- G Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)**

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20____

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
630 CAMP STREET
NEW ORLEANS, LA 70130

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dr. Robert Marier, the Executive Director of the Louisiana State Board of Medical Examiners, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Medical Examiners at December 31, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 14th day of

July, 2008.

Signature of Agency Official

NOTARY PUBLIC

Prepared by: HIENZ & MACALUSO, LLC

Title: INDEPENDENT CPA'S

Telephone No.: 504-837-5434

Date: 06/30/08

PAUL D. GIBSON
NOTARY PUBLIC L.D. # 18618
PARISH OF ST. TAMMANY, STATE OF LOUISIANA
MY COMMISSION IS BEAR FOR LIFE

MANAGEMENT'S DISCUSSION AND ANALYSIS

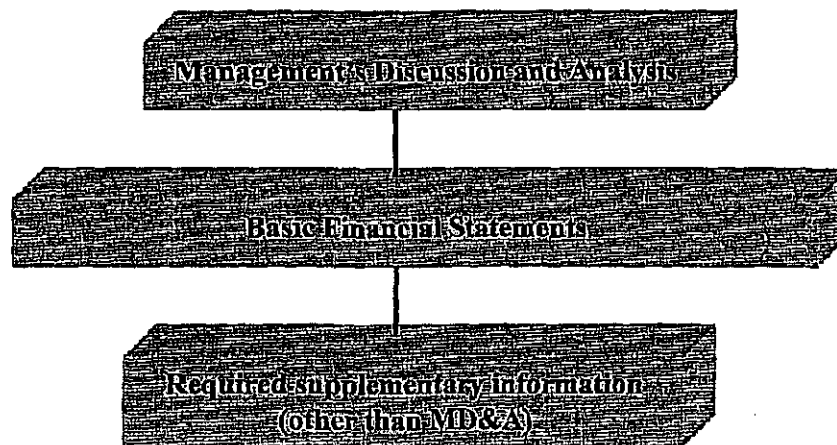
The management's discussion and analysis of the Louisiana State Board of Medical Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Medical Examiners' financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Louisiana State Board of Medical Examiner's financial statements, which begin on page 8.

Financial Highlights

- ★ The Louisiana State Board of Medical Examiners continues to have no debt except for compensated absences for employees in the amount of \$ 203,535.
- ★ The Louisiana State Board of Medical Examiners' assets exceeded its liabilities at the close of fiscal year 2007 by \$ 7,196,865, which represents a 13.95% increase from last fiscal year.
- ★ The Louisiana State Board of Medical Examiners' operating revenue increased by \$ 63,226 from the previous year – approximately a 1% increase from the prior year.
- ★ Interest income on certificates of deposit increased \$ 82,148 from the previous year – a 36.13% increase over the prior year.
- ★ Capital acquisitions in the amount of \$ 87,968 were made during 2007 for equipment.

Overview of the basic financial statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections -- Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Medical Examiners as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana State Board of Medical Examiners is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets presents information showing how the Louisiana State Board of Medical Examiners' assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana State Board of Medical Examiners' cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	(in thousands)	
	Total	
	2007	2006
Current and other assets	\$ 9,098	\$ 7,929
Capital assets	1,419	1,442
Total assets	10,517	9,371
Current and other liabilities	3,190	2,874
Long-term debt outstanding (compensated absences)	131	181
Total liabilities	3,321	3,055
Net assets		
Invested in capital assets, net of debt	1,419	1,442
Restricted	1,019	961
Unrestricted	4,758	3,913
Total net assets	\$ 7,196	\$ 6,316
Operating Revenues	\$ 6,613	\$ 6,550
Operating Expenses	(6,041)	(5,167)
Operating income (loss)	572	1,383
Net-operating revenues (expenses)	310	227
Income (loss) before transfers	882	1,610
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	\$ 882	\$ 1,610

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for. Total net assets of Louisiana State Board of Medical Examiners increased by \$ 881,299 or 13.95%, from December 31, 2006 to December 31, 2007.

Operating revenues increased during 2007 in the amount of \$ 63,226 due to an increase in recognition of license and renewal fees. Total expenditures at the Board increased by \$ 874,192 from 2006. This increase was due mainly to increases in personnel services (\$ 312,925), operating services (\$ 76,137), and in professional and contractual services (\$ 493,639).

Capital Assets and Long Term Debt Administration

Capital Assets

As of December 31, 2007, the Louisiana State Board of Medical Examiners had \$ 1,419,464 invested in a broad range of capital assets, including buildings, building improvements, equipment and an automobile. During the current year, the organization recorded \$ 87,968 of capital acquisitions, which was all for equipment.

Long Term Debt

The Louisiana State Board of Medical Examiners did not have any bonds or notes outstanding at December 31, 2007.

The Louisiana State Board of Medical Examiners has claims and judgments of \$-0- outstanding at year-end compared with \$-0- last year. Other Obligations include accrued vacation pay in the amount of \$ 203,535.

Variations between Original and Final Budgets

The Board is required to submit an annual budget to the Joint Legislative Committee on the Budget as required by the Louisiana Licensing Agency Budget Act. Total revenues for 2007 were approximately \$ 650,000 higher than budgeted for 2007, due to licensing/other fees exceeding budget amounts by \$ 525,000 and interest income exceeding budgeted amounts by \$ 125,000. Expenditures were approximately \$ 351,000 higher than budgeted for 2007, due to professional/contractual fees exceeding budget amounts by approximately \$ 480,000 and personnel services exceeding budgeted amounts by \$ 128,000. These amounts were offset by operating expenses and depreciation/other charges which were \$ 238,000 and \$ 19,000 less than budgeted, respectively.

Economic Factors and Next Year's Budgets and Rates

The Board has made significant investments in enhancing its information and communication systems to provide for improved (1) back up capabilities and disaster recovery capabilities, (2) on line services for licensees, (3) connectivity with national data bases, (4) access to information of interest by the public, (5) network security, (6) information systems capacity and (7) cost of operations.

The online services include the development of a new web site, development of on line initial and renewal license applications and continuing professional educational

programming. The communication systems include the development of a call center and the installation of a new telephone system based on IP technology.

In addition the Board is continuing to expand its investigation/compliance efforts with additional staff dedicated to this activity. Looking ahead we anticipate additional legal expenses associated with this enforcement activity and with a number of rule making efforts that are underway.

Finally the Board has recognized the need to address long standing maintenance issues with its building in New Orleans relating to water proofing, HVAC systems, elevator services, and water supply. Consideration is being given to renovating the Board's offices which would require relocation to interim space for 1-2 years or moving to leased space and selling the building with primary consideration being given to the best use of the Board's resources.

The Louisiana State Board of Medical Examiners' appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Expected revenues
- Staffing and salaries
- Legal and other professional services including contracted services
- Operating expenses

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Medical Examiners' finances and to show the Louisiana State Board of Medical Examiners accountability for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Robert Marier, M.D.
Executive Director
P.O. Box 30250
New Orleans, LA 30250

www.lsbme.org

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
BALANCE SHEET
AS OF DECEMBER 31, 2007**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,153,858
Investments - certificates of deposit	5,721,914
Receivables (net of allowance for doubtful accounts)(Note U)	790,240
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	91,710
Total current assets	7,757,722

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	902,423
Investments - certificates of deposit	353,494
Receivables	42,441
Accrued interest	1,334
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	100,000
Buildings and improvements	1,174,312
Machinery and equipment	145,152
Infrastructure	
Construction in progress	
Other noncurrent assets	41,000
Total noncurrent assets	2,760,156
Total assets	\$ 10,517,878

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 551,231
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	2,566,246
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	72,518
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
Other long-term liabilities	
Total current liabilities	3,189,995

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	131,017
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
OPEB payable	
Other long-term liabilities	
Total noncurrent liabilities	131,017
Total liabilities	3,321,012

NET ASSETS

Invested in capital assets, net of related debt	1,419,464
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	1,019,299
Unrestricted	4,758,103
Total net assets	7,196,866
Total liabilities and net assets	\$ 10,517,878

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

OPERATING REVENUES

Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	6,508,853
Other	106,305
Total operating revenues	<u>6,613,258</u>

OPERATING EXPENSES

Cost of sales and services	_____
Administrative	5,930,851
Depreciation	110,828
Amortization	_____
Total operating expenses	<u>6,041,479</u>

Operating income(loss)	<u>571,779</u>
------------------------	----------------

NON-OPERATING REVENUES(EXPENSES)

State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	309,521
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	<u>309,521</u>

Income(loss) before contributions, extraordinary items, & transfers	<u>881,300</u>
---	----------------

Capital contributions

Extraordinary item - Loss on impairment of capital assets

Transfers in

Transfers out

Change in net assets	<u>881,300</u>
----------------------	----------------

Total net assets -- beginning	<u>6,315,568</u>
-------------------------------	------------------

Total net assets -- ending	<u>\$ 7,196,868</u>
----------------------------	---------------------

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

See Appendix A for instructions

	Program Revenues			Net (Expense)
		Operating	Capital	Revenue and
	Charges for	Grants and	Grants and	Changes in
<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
LSBME	\$ 6,041,479	\$ 6,506,953	\$	\$ 465,474
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				309,521
Miscellaneous				108,305
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				415,826
Change in net assets				881,300
Net assets - beginning as restated				6,315,566
Net assets - ending				\$ 7,196,866

The accompanying notes are an integral part of this statement.

Statement C

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Cash flows from operating activities

Cash received from customers	\$ 6,500,162	
Cash payments to suppliers for goods and services	(2,563,978)	
Cash payments to employees for services	(3,058,085)	
Payments in lieu of taxes		
Internal activity payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		880,099

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		-

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(87,968)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(87,968)

Cash flows from investing activities

Purchases of investment securities	(469,618)	
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	0	
Net cash provided(used) by investing activities		(469,618)

Net increase(decrease) in cash and cash equivalents		322,513
Cash/cash equiv at beg of year (adjusted, see footnote 1)		1,733,768
Cash and cash equivalents at end of year	\$	2,056,281

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$	<u>571,779</u>
Adjustments to reconcile operating income(loss) to net cash			
Depreciation/amortization	110,828		
Provision for uncollectible accounts			
Other			
Changes in assets and liabilities:			
(Increase)decrease in accounts receivable, net	(67,866)		
(Increase)decrease in due from other funds			
(Increase)decrease in prepayments			
(Increase)decrease in inventories			
(Increase)decrease in other assets			
Increase(decrease) in accounts payable and accruals	287,284		
Increase(decrease) in compensated absences payable	23,304		
Increase(decrease) in due to other funds			
Increase(decrease) in deferred revenues	(45,230)		
Increase(decrease) in OPEB payable			
Increase(decrease) in other liabilities			
Net cash provided(used) by operating activities		\$	<u>880,099</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Interest on certificates of deposit re-invested		309,521
Total noncash investing, capital, and financing activities:	\$	<u>309,521</u>

The accompanying notes are an integral part of this statement.

Statement D (concluded)

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

INTRODUCTION

The Louisiana State Board of Medical Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1261-1292.

The board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise physiologists, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same: (a) Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority are based on a birth month schedule. (b) Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates both procedural rules implementing its licensing/certification authority and substantive rules regulating practice. (c) Enforcement. The Board investigates consumer, patient and licensee complaints and alleged or indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorneys fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings. (d) Advisory Rulings. The Board serves an informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction. (e) Other Activities. The Board participates in a Physicians health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing timely treatment and rehabilitation for the protection of the public.

The Board is composed of seven members. Until January 1, 2000 the seven members were appointed by the governor from lists of names submitted by the Louisiana State Medical Society and the Louisiana Medical Association. Effective January 1, 2000 the board will consist of seven voting members appointed by the governor and subject to Senate confirmation as follows:

- a. Four members from lists of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand.
- b. Two members from lists submitted by the Louisiana Medical Association.
- c. One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

All voting members of the board shall be graduate physicians or surgeons and practitioners. Four of the members appointed for terms beginning January 1, 2000, shall be appointed the initial terms of four years and three of the members shall be appointed to initial terms of two years.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

CASH FLOW STATEMENT

All certificates of deposit with original maturities of ninety days or less are classified as "cash and cash equivalents" on the Statement of Net Assets. Certificates of deposit with original maturities that exceed ninety days are classified as "Investments – certificates of deposit". Certificates of deposit are stated at cost which equals their fair market value. On the Statement of Cash Flows the amount reported as "cash and cash equivalents at beginning of year" has been reduced by \$ 5,322,014 from the prior year amount. This amount represented certificates of deposit with original maturities greater than ninety days and was improperly reported as "cash" on the Statement of Net Assets as of December 31, 2006.

B. BUDGETARY ACCOUNTING

NOT APPLICABLE

The appropriations made for the operations of the various programs of the _____ (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ _____
Amendments:	_____

Final approved budget	\$ _____

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at December 31, 2007, consisted of the following:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ <u>2,056,281</u>	\$ <u>6,075,408</u>	\$ _____	\$ <u>8,131,889</u>
Deposits in bank accounts per bank	\$ <u>2,101,319</u>	\$ <u>6,075,408</u>	\$ _____	\$ <u>8,176,727</u>
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ _____	\$ _____	\$ _____	\$ _____
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	\$ _____	\$ _____	\$ _____	\$ _____

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Capital One</u>	<u>General</u>	\$ <u>6,919,787</u>
2. <u>Capital One</u>	<u>C-LAB</u>	<u>509,148</u>
3. <u>Capital One</u>	<u>CME</u>	<u>176,640</u>
4. <u>Capital One</u>	<u>PHP</u>	<u>571,172</u>
Total		\$ <u>8,176,727</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ <u>341</u>

2. INVESTMENTS NOT APPLICABLE

The _____ (BTA) does/does not maintain investment accounts as authorized by _____ (Note legal provisions authorizing investments by (BTA)).

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the table on

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

this page, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

<u>Type of Investment</u>	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>*Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
Other: (Identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

* Unregistered - not registered in the name of the government or entity

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix B for the definition of U.S. Government Obligations)

3. DERIVATIVES NOT APPLICABLE

The institution does/does not invest in derivatives as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

credit risk _____
market risk _____
legal risk _____

Technical Bulletin 2003-1 requires certain note disclosures for derivatives that are not reported at fair value on the Statement of Net Assets. See Appendix B for more details and disclose any of these required note disclosures below, if applicable. _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES NOT APPLICABLE

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
		\$
Total		\$ -

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

Type of Debt Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual bond funds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Total debt investments	\$ -	\$ -	\$ -	\$ -	\$ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendix B for examples of debt investments that are highly sensitive to changes in interest rates.

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$ -	

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
	\$	
Total	\$	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
	\$	\$
Total	\$	\$

5. POLICIES NOT APPLICABLE

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS NOT APPLICABLE

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements;
1. Carrying amount and market value at June 30 of securities to be resold _____
2. Description of the terms of the agreement _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close) to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close) of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

- s. Any involuntary participation in an external investment pool _____

- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate _____

- u. Any income from investments associated with one fund that is assigned to another fund _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

	Year ended December 31, 2007						
	Balance 12/31/06	Prior Period Adjustment	Adjusted Balance 6/30/2007	Additions	Transfers*	Retirements	Balance 12/31/07
Capital assets not being depreciated							
Land	\$ 100,000	\$	\$ 100,000	\$	\$	\$	\$ 100,000
Non-depreciable land improvements			—				—
Capitalized collections			—				—
Construction in progress			—				—
Total capital assets not being depreciated	100,000	--	100,000	—	—	—	100,000
Other capital assets							
Machinery and equipment	655,512		655,512	87,968			743,480
Less accumulated depreciation	(528,437)		(528,437)	(69,891)			(598,328)
Total Machinery and equipment	127,075	—	127,075	18,077	—	—	145,152
Buildings and improvements	1,637,488		1,637,488				1,637,488
Less accumulated depreciation	(422,237)		(422,237)	(40,937)			(463,174)
Total buildings and improvements	1,215,249	—	1,215,249	(40,937)	—	—	1,174,312
Depreciable land improvements			—				—
Less accumulated depreciation			—				—
Total depreciable land improvements	—	—	—	—	—	—	—
Infrastructure			—				—
Less accumulated depreciation			—				—
Total infrastructure	—	—	—	—	—	—	—
Total other capital assets	1,342,324	—	1,342,324	(22,860)	—	—	1,319,464
Capital Asset Summary:							
Capital assets not being depreciated	100,000	—	100,000	—	—	—	100,000
Other capital assets, at cost	2,292,998	—	2,292,998	87,968	—	—	2,380,966
Total cost of capital assets	2,392,998	—	2,392,998	87,968	—	—	2,480,966
Less accumulated depreciation	(950,674)	—	(950,674)	(110,828)	—	—	(1,061,502)
Capital assets, net	\$ 1,442,324	\$ —	\$ 1,442,324	\$ (22,860)	\$ —	\$ —	\$ 1,419,464

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

E. INVENTORIES NOT APPLICABLE

The BTA's inventories are valued using _____ (method of valuation – **FIFO, LIFO, weighted average, moving average, specific identification, etc**). These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

The composition of net assets was as follows:

Investment in Capital Assets, Net of Related Debt	\$ 1,419,464
Restricted	1,019,299
Unrestricted	<u>4,758,102</u>
Total Net Assets	<u>\$ 7,196,865</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The composition of the restricted net assets is Clinical Lab - \$ 256,358, Continuing Medical Education - \$ 165,020, and Physicians Health Program - \$ 597,921.

G. LEAVE

1. COMPENSATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulated unlimited amounts of annual leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. This amount is recorded as a liability in the financial statements and represents the amount unpaid at December 31, 2007 of \$ 203,535.

H. RETIREMENT SYSTEM

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of the state employees, which is administered and controlled by a separate board of trustees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804 or by calling (225) 922-0600.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or age 60 with 10 years of service. The system also provides death and disability benefits. Covered employees were required to contribute 7.5% (8% for members hired on or after July 1, 2006) of gross salary to the plan. For 2005 the Board's contribution percentage was 17.8% between January 1 and June 30, 2005 and 19.1% between July 1 and December 31, 2005. For 2006 the Board's contribution percentage was 19.1% between January 1, 2006 and June 30, 2006 and 19.1% between July 1, 2006 and December 31, 2006.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

For 2007 the Board's contribution percentage was 19.1% between January 1, 2007 and June 30, 2007 and 20.4% between July 1, 2007 and December 31, 2007.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2007, 2006 and 2005 were \$ 348,254, \$ 298,322 and \$ 268,834 respectively.

I. OTHER POSTEMPLOYMENT BENEFITS

The Louisiana State Board of Medical Examiners provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for those benefits if they reach retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the retired employees and by the Board based on a vesting schedule. The Board's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended December 31, 2006, the Louisiana State Board of Medical Examiners provided retirement benefits for 5 retired employees and the costs of these retiree benefits totaled \$ 32,803.

J. LEASES NOT APPLICABLE

1. OPERATING LEASES

The total payments for operating leases during fiscal year _____ amounted to \$ _____. (Note: If lease payments extend past FY 2023, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014- 2018</u>	<u>FY 2019- 2023</u>
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

2. CAPITAL LEASES

Capital leases (are/are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/08. In Schedule B, report only those new leases entered into during fiscal year 2007-2008.

SCHEDULE A - TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30 :</u>	<u>Total</u>
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ <u> - </u>

SCHEDULE B - NEW AGENCY CAPITAL LEASES EXCEPT LEAF

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ _____	\$ _____ _____	\$ _____ _____

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30:</u>	<u>Total</u>
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30:</u>	<u>Total</u>
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement and complete the chart below:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2008 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending _____:	
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total	\$ _____

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

<u>Year Ended</u> <u>June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2009	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -
2010					-
2011					-
2012					-
2013					-
2014-2018					-
2019-2023					-
2024-2028					-
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

Current year lease revenues received in fiscal year _____ totaled \$_____.

Contingent rentals received from operating leases received for your fiscal year was \$_____ for office space, \$_____ for equipment, and \$_____ for land.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20__:
 (Balances at June 30th should include current and non-current portion of long-term liabilities.)

	<u>Year ended December 31, 2007</u>				
	Balance			Balance	Amounts due within
	Dec 31 <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Dec 31 <u>2007</u>	
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$	—
Bonds payable					—
Total notes and bonds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other liabilities:					
Contracts payable					—
Compensated absences payable	180,231	25,304		205,535	131,017
Capital lease obligations					—
Claims and litigation					—
OPEB payable					—
Other long-term liabilities					—
Total other liabilities	<u>180,231</u>	<u>25,304</u>	<u>—</u>	<u>205,535</u>	<u>131,017</u>
Total long-term liabilities	\$ <u>180,231</u>	\$ <u>25,304</u>	\$ <u>—</u>	\$ <u>205,535</u>	\$ <u>131,017</u>

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES NOT APPLICABLE

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. **Do not report impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC.** Losses or pending litigation that is probable should be reflected on the balance sheet.

The _____ (BTA) is a defendant in litigation seeking damages as follows: (Only list litigation not being handled by the Office of Risk Management or the Attorney General.)

Date of Action	Description of Litigation and Probable outcome (Reasonably possible or probable)	Estimated Settlement Amt for Claims & Litigation (Opinion of legal counsel)	Insurance Coverage
		\$	\$
Totals		\$ -	\$ -

*Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

Those agencies collecting federal funds, who have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance on a separate line in the chart.

<u>Program</u>	<u>Date of Disallowance</u>	<u>Amount</u>	<u>*Probability of Payment</u>	<u>Estimated Settlement Amount</u>
1. _____	_____	\$ _____	_____	\$ _____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____

* Reasonably possible, probable, or unknown

(Only answer the following questions for those claims and litigation not being handled by the Office of Risk Management.)

Indicate the way in which risks of loss are handled (circle one).

purchase of commercial insurance,

participation in a public entity risk pool (e.g., Office of Risk Management claims)

risk retention (e.g., Use of an internal service fund is considered risk retention because the entity as a whole has retained the risk of loss.)

Other (explain) _____

For entities participating in a risk pool (other than the Office of Risk Management), describe the nature of the participation, including the rights and the responsibilities of both the entity and the pool. _____

Describe any significant reductions in insurance coverage from coverage in the prior year by major categories of risk. Also, indicate whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years. _____

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. _____

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

M. RELATED PARTY TRANSACTIONS NOT APPLICABLE

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions. _____

N. ACCOUNTING CHANGES NOT APPLICABLE

Accounting changes made during the year involved a change in accounting _____ (principle, estimate or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS NOT APPLICABLE

List all in-kind contributions that are not included in the accompanying financial statements.

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

P. DEFEASED ISSUES NOT APPLICABLE

In _____, 20____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ _____.

Q. REVENUES - PLEDGED OR SOLD (GASB 48) NOT APPLICABLE

1. PLEDGED REVENUES

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

Provide the following information about the specific revenue pledged:

a. Identify the specific pledged revenue:

- Pledged revenue is _____

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007**

- Debt secured by the pledge revenue (amount) _____
- Approximate amount of pledge _____
(equal to the remaining principal and interest requirements)
- b. Term of the commitment: _____
[number of years (beginning and ending dates by month and year)
that the revenue will not be available for other purposes]
- c. General purpose for the debt secured by the pledge: _____

- d. Relationship of the pledged amount to the specific revenue: _____
(the proportion of the specific revenue that has been pledged)
- e. Comparison of the pledged revenues (current year information):
 - Principal requirements: _____
 - Interest requirements: _____
 - Pledge revenues recognized during the period _____
(gross pledged revenue minus specified operating expenses)

NOTE: For the first year of this note, please send a copy of the following sections of the official bond statement

- Cover page
- Introductory statement
- Plan of financing
- Security for the bond (pledged revenue information)

2. FUTURE REVENUES REPORTED AS A SALE

Future revenues reported as a sale are proceeds that an agency/entity received in exchange for the rights to future cash flows from specific future revenues and for which the agency/entity's continuing involvement with those revenues or receivables is effectively terminated. (see Appendix G)

Provide the following information in the year of the sale ONLY:

- a. Identify the specific revenue sold:
 - the revenue sold is _____
 - the approximate amount _____
 - significant assumptions used in determining the approximate amount _____
- b. Period of the sale: _____
- c. Relationship of the sold amount to the total for that specific revenue: _____
- d. Comparison of the sale:
 - proceeds of the sale _____
 - present value of the future revenues sold _____
 - significant assumptions in determining the present value _____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) NOT APPLICABLE

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2007-2008:

<u>CFDA Number</u>	<u>Program Name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)			\$ _____

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS NOT APPLICABLE

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____. The _____ (BTA) did _____ to correct this deficiency.

T. SHORT-TERM DEBT NOT APPLICABLE

The _____ (BTA) issues short-term notes for the following purpose(s)

Short-term debt activity for the year ended June 30, 20__, was as follows:

<u>List the type of Short-term debt (e.g., tax anticipation notes)</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The _____ (BTA) uses the following revolving line of credit for to finance _____ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at December 31, 2007, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General - LSBME	\$ 1,003,603	\$	\$	\$	\$ 1,003,603
Restricted (CLAB)	43,580				43,580
Gross receivables	\$ 1,047,183	\$ -	\$ -	\$ -	\$ 1,047,183
Less allowance for uncollectible accounts	(214,502)	-	-	-	(214,502)
Receivables, net	\$ 832,681	\$ -	\$ -	\$ -	\$ 832,681
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at December 31, 2007, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
GENERAL - LSBME	\$ 330,018	\$ 149,737	\$	\$	\$ 479,755
CLAB	1,351				1,351
PHP	70,125				70,125
Total payables	\$ 401,494	\$ 149,737	\$ -	\$ -	\$ 551,231

W. SUBSEQUENT EVENTS NOT APPLICABLE

Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement. _____

X. SEGMENT INFORMATION NOT APPLICABLE

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTAs should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTAs should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

Y. DUE TO/DUE FROM AND TRANSFERS

NOT APPLICABLE

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end:
 (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

Total due from other funds _____ \$ _____

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type **all transfers from other funds for the fiscal year:**

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type **all transfers to other funds for the fiscal year:**

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Board at December 31, 2007, in the liabilities section on Statement A, include \$ 1,351 from the CLAB fund and \$ 70,125 in the PHP fund.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS NOT APPLICABLE

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets 6/30/07 as reported to OSRAP on PY AFR	*Adjustments to end net assets 6/30/07 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/07) + or (-)	Beg net assets @ 7/1/07 as restated
\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Each adjustment must be explained in detail on a separate sheet.

*Include all audit adjustments accepted by the agency or entity.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) NOT APPLICABLE

Of the total net assets reported on Statement A at June 30, 20__, \$_____ are restricted by enabling legislation. **Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation.** Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46. List below the net assets restricted by enabling legislation, the purpose of the restriction, **and the Louisiana Revised Statute (LRS) that authorized the revenue:**

<u>Purpose of Restriction</u>	<u>LA Revised Statute Authorizing Revenue</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total	_____	\$ _____

CC. IMPAIRMENT OF CAPITAL ASSETS NOT APPLICABLE

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets **and for insurance recoveries**. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.**

The following capital assets became **permanently** impaired in FY 07-08: (Insurance recoveries related to impairment losses should be used to offset those impairment losses if received in the same year as the impairment. Include these insurance recoveries in the third column in the table below. Calculate the net impairment loss after insurance recoveries received in the current fiscal year in the fourth column. Include in the Financial Statement Classification column the account line in which the net impairment loss is reported in the financial statements. There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

<u>Type of asset</u>	<u>Amount of Impairment Loss</u>	<u>Insurance Recovery in the same FY</u>	<u>Net Impairment Loss per Financial Strmts</u>	<u>Financial Statement Classification</u>	<u>Appendix D Indicator of Impairment</u>	<u>Reason for Impairment (e.g. hurricane</u>
Buildings	_____	_____	_____	_____	_____	_____
Movable Property	_____	_____	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____	_____	_____

Insurance recoveries received in FY 07-08 related to impairment losses occurring in previous years, and insurance recoveries received in FY 07-08 other than those related to impairment of capital

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007

assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following table the amount and financial statement classification (account line in which the insurance recovery is reported in the financial statements) of insurance recoveries not included in the table above:

<u>Type of asset</u>	<u>Amount of Insurance Recovery</u>	<u>Financial Statement Classification</u>	<u>Reason for Insurance recovery (e.g. fire)</u>
Buildings	_____	_____	_____
Movable Property	_____	_____	_____
Infrastructure	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year: (Include any permanently impaired capital assets listed above that are still idle at the end of the fiscal year, any temporarily impaired capital assets, and any assets impaired in prior years that are still idle at the end of the current fiscal year.)

<u>Type of asset</u>	<u>Carrying Value of Idle Impaired Assets</u>	<u>Reason for Impairment</u>
Buildings - permanently impaired	_____	_____
Buildings - temporarily impaired	_____	_____
Movable Property - permanently impaired	_____	_____
Movable Property - temporarily impaired	_____	_____
Infrastructure - permanently impaired	_____	_____
Infrastructure - temporarily impaired	_____	_____

DD. EMPLOYEE TERMINATION BENEFITS NOT APPLICABLE

Termination benefits are benefits, other than salaries and wages, that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Healthcare coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits:

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended December 31, 2007**

5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2008, the cost of providing those benefits for _____ (number of) voluntary terminations totaled \$ _____. For 2008, the cost of providing those benefits for _____ (number of) involuntary terminations totaled \$ _____. [The termination benefits (voluntary and involuntary) paid in FY 2008 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is \$ _____. This liability consists of _____ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, _____ is \$ _____. This liability consists of _____ (number of) involuntary terminations.

[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended December 31, 2007**

[illegible]

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF NOTES PAYABLE
DECEMBER 31, 2007**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

SCHEDULE 3-A

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF BONDS PAYABLE
DECEMBER 31, 2007**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

SCHEDULE 3-B

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended December 31, 2007**

NOT APPLICABLE

Ending:	Payment	Interest	Principal	Balance
2009	\$ _____	\$ _____	\$ _____	\$ _____ --
2010	_____	_____	_____	_____ --
2011	_____	_____	_____	_____ --
2012	_____	_____	_____	_____ --
2013	_____	_____	_____	_____ --
2014-2018	_____	_____	_____	_____ --
2019-2023	_____	_____	_____	_____ --
2024-2028	_____	_____	_____	_____ --
2029-2033	_____	_____	_____	_____ --
Total	\$ _____	\$ _____	\$ _____	\$ _____

SCHEDULE 4-A

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended December 31, 2007**

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2009	\$ _____	\$ _____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014-2018	_____	_____
2019-2023	_____	_____
2024-2028	_____	_____
2029-2033	_____	_____
Total	\$ _____	\$ _____

SCHEDULE 4-B

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended December 31, 2007
NOT APPLICABLE

Fiscal Year	<u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2009		\$ _____	\$ _____
2010		_____	_____
2011		_____	_____
2012		_____	_____
2013		_____	_____
2014		_____	_____
2015		_____	_____
2016		_____	_____
2017		_____	_____
2018		_____	_____
2019		_____	_____
2020		_____	_____
2021		_____	_____
2022		_____	_____
2023		_____	_____
2024		_____	_____
2025		_____	_____
2026		_____	_____
2027		_____	_____
2028		_____	_____
2029		_____	_____
2030		_____	_____
2031		_____	_____
2032		_____	_____
2033		_____	_____
Total		\$ _____	\$ _____

SCHEDULE 4-C

**SCHEDULE 16 -- COOPERATIVE ENDEAVORS
FOR THE YEAR ENDED DECEMBER 31, 2007**

AGENCY NUMBER

AGENCY NAME LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

NOT APPLICABLE

[illegible]

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
DECEMBER 31, 2007**

OTHER REPORTS REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal controls required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



ROBERT W. HIENZ, C.P.A.
ANTHONY J. MACALUSO, JR., C.P.A.

DAVID V. ERNST

MEMBERS
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

110 Veterans Memorial Blvd., Suite 170
Metairie, LA 70005
(504) 837-5434
FAX (504) 837-5435
www.hienzmacaluso.com

Independent Auditor's Report
on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors
Louisiana State Board of Medical Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Board's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Medical Examiners' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Medical Examiners' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Medical Examiners' internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain

deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana State Board of Medical Examiner's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Louisiana State Board of Medical Examiner's financial statements that is more than inconsequential will not be prevented or detected by the Louisiana State Board of Medical Examiner's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting (Finding 2007-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Louisiana State Board of Medical Examiner's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Board of Medical Examiners' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items Finding 2007-1.

The Louisiana State Board of Medical Examiners' response to the findings identified in our audit is described in the accompanying "Management's Corrective Action Plan". We did not audit the Louisiana State Board of Medical Examiners' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Louisiana State Board of Medical Examiners and its management and Legislative Auditor's Office and is not intended to be, and should not be, anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

Metairie, LA

June 25, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

We have audited the financial statements of the business-type activities and each major fund of Louisiana State Board of Medical Examiners as of and for the year ended December 31, 2007, which collectively comprise the Board's financial statements as listed in the table of contents and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Auditing Guide. Our audit of the basic financial statements as of December 31, 2007, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness ___ Yes X No Significant Deficiency X Yes ___ No

Compliance:

Compliance Material to Financial Statements ___ Yes X No

- b. Federal awards – the Board received no federal awards for the year ended December 31, 2007.

Section II. Financial Statement Findings

FINDING 2007-1: LA LICENSING AGENCY BUDGET ACT

Louisiana Revised Statutes 39:1331-1342 requires each licensing agency to submit to the Joint Legislative Committee (the Committee) on the Budget an annual comprehensive budget presenting a complete financial plan for the ensuing fiscal year. These statutes further require the Board to notify the Committee in writing of any increase or decrease in the submitted budget if the change will constitute, individually or as an aggregate when considered together with all prior increases or decreases in the same fiscal year, five (5) percent of the total dollars in the budget as submitted. The Board's budgeted to actual variances for 2006 and 2007 exceeded the five percent provided by state law. The Board did not, as required by state law, amend the budget or notify the Committee of these changes.

We recommend that the Board review budgeted to actual amounts throughout the year and when necessary amend the budget to more accurately reflect current year activity. The amended budget should be approved by the Board of Directors and submitted to the Committee.

Section III. Federal Award Findings and Questioned Costs:

The Board received no federal awards for the year ended December 31, 2006.

Section IV. Management Letter:

A management letter was not issued with this report.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Section I - Internal Control and Compliance Material to the Financial Statements:

FINDING 2006-1: PRE-DATING CHECKS

The Board's accounts payable clerk pre-dated checks issued in January 2007 with a date of December 31, 2006. This resulted in improper classification of amounts on the Board's financial statements for cash and accounts payable. The Board's management informed us that this was done at the end of the year to record amounts that were identified as liabilities for 2006.

This finding was resolved during the year ended December 31, 2007.

FINDING 2006-2: LA LICENSING AGENCY BUDGET ACT

Louisiana Revised Statutes 39:1331-1342 requires each licensing agency to submit to the Joint Legislative Committee (the Committee) on the Budget an annual comprehensive budget presenting a complete financial plan for the ensuing fiscal year. These statutes further require the Board to notify the Committee in writing of any increase or decrease in the submitted budget if the change will constitute, individually or as an aggregate when considered together with all prior increases or decreases in the same fiscal year, five (5) percent of the total dollars in the budget as submitted. The Board's budgeted revenue amounts for its "General fund" were approximately \$ 1.2 million lower than actual and budgeted amounts for salaries for its "General Fund" were approximately \$ 600,000 higher than budgeted for 2006. The Board did not, as required by state law, amend the budget or notify the Committee of these changes.

This finding has not been resolved as of the year ended December 31, 2007 (see management's corrective action plan).

Section II – Internal Control and Compliance Material to Federal Awards:

There were no federal awards.

Section III – Management Letter:

There was no management letter issued for the year ended December 31, 2006.

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2007**

Section I - Internal Control and Compliance Material to the Financial Statements:

FINDING 2007-1: LA LICENSING AGENCY BUDGET ACT

Louisiana Revised Statutes 39:1331-1342 requires each licensing agency to submit to the Joint Legislative Committee (the Committee) on the Budget an annual comprehensive budget presenting a complete financial plan for the ensuing fiscal year. These statutes further require the Board to notify the Committee in writing of any increase or decrease in the submitted budget if the change will constitute, individually or as an aggregate when considered together with all prior increases or decreases in the same fiscal year, five (5) percent of the total dollars in the budget as submitted. The Board's budgeted to actual variances for 2006 and 2007 exceeded the five percent provided by state law. The Board did not, as required by state law, amend the budget or notify the Committee of these changes.

The Board (responsible party: Dr. Robert Marier) will closely monitor actual revenues and expenditures during the year. Management will review financial statements to identify amounts greater than the 5% variance allowed and recommend amending the budget accordingly.

Section II – Internal Control and Compliance Material to Federal Awards:

There were no federal awards.

Section III – Management Letter:

There was no management letter issued for the year ended December 31, 2007.